

Message Text

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INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-10 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 FEA-01 OIC-02 ERDA-05 FPC-01 PM-03

SAM-01 OES-03 /146 W

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 8934

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY ALGIERS

AMEMBASSY BELGRADE

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY COLOMBO

AMEMBASSY DAKAR

AMEMBASSY GEORGETOWN

AMEMBASSY ISLAMABAD

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

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AMEMBASSY GENEVA

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 5623

E.O. 11652: GDS

TAGS: EGEN, UNGA, PFOR, PORC

SUBJECT: UNGA SPECIAL SESSION: CONSULTATIONS WITH GOVERNMENTS

REF: A. STATE 112992 B. STATE 75525

SUMMARY. EMBASSY OFFICERS MET WITH KEY GOV ECONOMIC OFFICIALS TO DISCUSS THE SEVENTH SPECIAL SESSION OF THE UNGA. THE GOV SHARES OUR HOPE THAT A REPETITION OF THE SIXTH S.S. CAN BE AVOIDED, BUT HAS NOT CHANGED ANY OF ITS POSITIONS. THE FAILURE OF THE U.S. TO ACCEPT SUCH THIRD WORLD CONCEPTS AS THE NIEO, IS SEEN AS THE FUNDAMENTAL PROBLEM. IN PARTICULAR, THE GOV CONTINUES TO ADVOCATE A MULTI-COMMODITY APPROACH TO THE RAW MATERIALS QUESTION.

WE BELIEVE THE GOV WILL NOT UNDER ANY FORESEEABLE CIRCUMSTANCES BREAK RANKS WITH THE OPEC-LDS BLOC AT THE SEVENTH S.S. ITS OVERRIDING INTEREST IS IN THE PROTECTION THAT SOLIDARITY GIVES TO OPEC'S CARTELS ARRANGEMENTS. AT THE SAME TIME, WE SENSE THAT THE GOV IS UNCOMFORTABLE WITH STRIDENT CONFRONTATIONAL TACTICS AND WOULD WELCOME A BETTER ATMOSPHERE FOR THE DIALOGUE. INTENSIVE BILATERAL CONSULTATIONS MAY IN TIME ENCOURAGE A MORE PRAGMATIC VENEZUELAN APPROACH. TO MOVE IN THAT DIRECTION THE GOV WILL HAVE TO BE CONVINCED THAT THE US IN PARTICULAR IS PREPARED TO LISTEN ATTENTIVELY TO LDC CONCERNS. THE GOV WOULD NOT REJECT OUR CONCEPT OF A WORLD ECONOMIC SYSTEM DEDICATED TO GREATER PRODUCTION FOR THE BENEFIT OF ALL PROVIDED SPECIFIC MEASURES OF DIRECT AND IMMEDIATE BENEFIT TO THE LDCS ARE FORTHCOMING. END SUMMARY.

1. EMBASSY OFFICERS MET WITH GOV ECONOMIC OFFICIALS ON MAY 28 IN THE FIRST OF WHAT IS ANTICIPATED WILL BE PERIODIC MEETINGS TO EXCHANGE VIEWS ON INTERNATIONAL ECONOMIC MATTERS. THE GOV OFFICIALS INCLUDED JULIO GIL AND EDUARDO SOTO, PRINCIPAL ASSISTANTS OF MINISTER OF STATE FOR INTERNATIONAL ECONOMIC AFFAIRS, MANUEL PEREZ GUERRERO, AND FERNANDO GERBASI OF THE VENEZUELAN FOREIGN TRADE INSTITUTE. THE SEVENTH SPECIAL SESSION CONFIDENTIAL

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OF THE UNGA WAS UTILIZED AS THE POINT OF DEPARTURE. THE EMBASSY HAD REQUESTED FOREIGN MINISTRY PARTICIPATION IN THE VOTING. THE VENEZUELAN PARTICIPANTS, AFTER POINTING OUT THAT THE FOREIGN TRADE INSTITUTE WAS SUBORDINATE TO THE FOREIGN MINISTRY, SHEEPISHLY ADMITTED THAT THEY HAD BEEN UNABLE TO FIND ANYONE IN THE FOREIGN MINISTRY DIRECTLY CONCERNED WITH INTERNATIONAL ECONOMIC ISSUES.

2. EMBASSY OFFICERS OPENED THE CONVERSATION BY EMPHASIZING THE STRONG DESIRE OF THE USG TO AVOID A CONFRONTATION AT THE 7TH SS SIMILAR TO THAT WHICH OCCURRED AT THE 6TH SPECIAL SESSION. DRAWING ON REFTELS, US VIEWS WERE EXPLAINED IN DETAIL INCLUDING THE FIVE TOPICS CONSIDERED BY THE US TO BE PRINCIPAL PROBLEM AREAS FOR CONSIDERATION AT THE 7TH SS (PARA 5, REFTEL A).

3. GIL RESPONDED TO THE EMBASSY PRESENTATION BY OBSERVING THAT THE IDEAS OF THE US ARE NOT NEW. IN HIS OPINION, THE US VIEWS PROVIDE A DIFFERENT FOCUS ON THE PROBLEM THAN THOSE HELD BY VENEZUELA. HE SAID, FOR EXAMPLE, THAT IT WOULD NOT BE POSSIBLE TO RESOLVE COMMODITY PROBLEMS BY STIMULATING AN INCREASE IN PRODUCTION IN ALL CASES. VENEZUELA, HE SAID, SUPPORTS A "MULTI-COMMODITY" APPROACH RATHER THAN THE COMMODITY-BY-COMMODITY APPROACH FAVORED BY THE US. IT WOULD NOT BE POSSIBLE, ACCORDING TO GIL, TO DEAL WITH ALL COMMODITIES; BUT FIVE TO TEN BASIC ONES SHOULD BE SELECTED FOR CONSIDERATION.

4. SOTO SAID THAT VENEZUELA, LIKE THE US, DOES NOT WANT A REPETITION OF THE 6TH SPECIAL SESSION. THE GOV HOPES THAT THE 7TH SS WILL ACCOMPLISH MUCH MORE THAN THE 6TH. IN HIS OPINION, HOWEVER, A BASIC PROBLEM IS LACK OF US ACCEPTANCE OF CONCEPTS SUCH AS THE NEW INTERNATIONAL ECONOMIC ORDER; THERE MUST BE AGREEMENT ON BASIC ISSUES INVOLVED. SOTO THOUGHT IT WOULD BE VERY DIFFICULT TO LIMIT THE AGENDA OF THE SPECIAL SESSION IN THE MANNER PROPOSED BY THE US. THE INTERESTS OF THE GROUP OF 7 ARE SO DIVERSE THAT IT IS EXTREMELY DIFFICULT TO LIMIT DISCUSSION TO A FEW TOPICS. SOTO BELIEVES THAT THE QUESTION OF PRIORITIES IS NOT SO IMPORTANT AS THE BASIC MATTERS THEMSELVES. THESE SHOULD BE IDENTIFIED AND PRIORITIES SET LATER. EFFECTIVE ACTION WOULD REQUIRE EXERCISE OF POLITICAL WILL.

5. THE VENEZUELAN OFFICIALS HAD NO DIFFICULTY WITH THE LIST OF
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PROBLEM AREAS CONTAINED IN PARAGRAPH 5 OF REF A. THEY WERE PUZZLED AS TO WHAT SPECIFIC MATTERS THE US HAS IN MIND. SOTO SAID THAT THE BASIC PROBLEM WITH REGARD TO ITEM (A) IS THE QUESTION OF INDEXATION. VENEZUELA FAVORS AN INTEGRATED APPROACH. WITH REFERENCE TO (B), THEY INDICATED THAT THE US ATTITUDE TOWARDS THE PROPOSED INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT WOULD BE A CRITICAL QUESTION. GIL OBSERVED THAT THE US HAD NOT BEEN VERY FORTHCOMING. (NEITHER GIL NOR EMBASSY HAD RECEIVED TEXT OF SECRETARY'S OECD SPEECH.) WITH RESPECT TO ITEM (C), HE SAID THE US AND OTHER INDUSTRIALIZED COUNTRIES HAVE FAILED BY LARGE MARGINS TO MEET TARGETS FOR ASSISTANCE TO LDC'S AND THE US, ALONG WITH THE FRG, IS ADAMANT IN ITS OPPOSITION TO THE SDR LINK. WITH REFERENCE TO (E), THE GOV OFFICIALS WERE OF THE OPINION THAT UN REFORM WOULD TAKE A LONG TIME. THE GOV SHARES THE US CONCERN FOR MAKING THE SYSTEM MORE EFFECTIVE. VENEZUELA

SUPPORTS STRENGTHENING ECOSOC BUT BELIEVES THAT THE SPECIALIZED
UN AGENCIES SHOULD CONTINUE TO REPORT TO THE UN SECRETARY GENERAL,
WHO SHOULD BE GIVEN INCREASED COORDINATING AUTHORITY. THE GOV
OFFICIALS NOTED LACK OF INCLUSION OF TECHNOLOGY TRANSFER AND
INDUSTRIALIZATION IN THE US LIST OF PROBLEM AREAS AND THOUGHT
THEY SHOULD BE INCLUDED.

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C O N F I D E N T I A L SECTION 2 OF 2 CARACAS 5623

6. THE VENEZUELAN OFFICIALS EXPRESSED APPRECIATION FOR THE US INITIATIVE IN REQUESTING CONSULTATIONS ON THE 7TH SS. THEY INDICATED A STRONG DESIRE TO CONTINUE SUCH CONSULTATIONS AS THE POSITIONS OF BOTH COUNTRIES DEVELOP.

7. COMMENT. IN PREPARING FOR 7TH SS AND RELATED MEETINGS IN AND OUTSIDE THE UN FRAMEWORK, THE GOV IS LIKELY TO BE GUIDED BY THE FOLLOWING BASIC ASSUMPTIONS: (1) IT IS ABSOLUTELY ESSENTIAL THAT DEVELOPING NATIONS MAINTAIN A UNITED FRONT IN FACING THE INDUSTRIALIZED NATIONS ON INTERNATIONAL ECONOMIC ISSUES (ABOVE ALL THE GOV WILL STRONGLY RESIST ANY EFFORTS TO BREAK THE COMMON FRONT BETWEEN OPEC MEMBERS AND OTHER LDCS); (2) CURRENT DIFFICULTIES IN THE WORLD ECONOMY ARE A DIRECT RESULT OF THE SYSTEM OF "EXPLOITATION" WHICH INDUSTRIALIZED COUNTRIES HAVE IMPOSED ON LDCS, RESULTING IN THEIR INCREASING DECPITALIZATION AND IMPOVERISHMENT (PREIDENT PEREZ HAS CASTIGATED INDUSTRIALIZED COUNTRIES FOR THEIR "EGOISM AND STUBBORNNESS" IN NOT RECOGNIZING THE JUST RIGHTS OF LDCS); (3) THE OLD INTERNATIONAL ECONOMIC ORDER HAS BROKEN DOWN AND MUST BE REPLACED BY A NEW SYSTEM IN WHICH LDCS WILL HAVE MUCH GREATER INFLUENCE; THIS IS IN THE INTEREST OF INDUSTRIALIZED AS WELL AS DEVELOPING NATIONS.

8. VENEZUELA'S ENERGETIC PURSUIT OF THIRD WORLD CAUSES IN LATIN AMERICA AND, INCREASINGLY, IN THE WORLD AT LARGE STEMS BOTH FROM A PRAGMATIC APPLICATION OF NATIONAL SELF INTEREST AND FROM IDEALISTIC SUPPORT OF THE "NEW INTERNATIONAL ECONOMIC ORDER." VENEZUELA'S BEST DEFENSE OF OPEC PRICE AND OTHER CARTEL ACTIONS IS TO PERSUADE OTHER LDCS THAT SUCH UNILATERAL MEASURES ARE THE FORERUNNER OF BROADER ACTION WHICH WILL REDISTRIBUTE THE WORLD'S POWER AND WEALTH AND THEREBY SUBSTANTIALLY INCREASE BENEFITS TO ALL LDCS. VENEZUELAN LEADERS BELIEVE SINCERELY, HOWEVER, THAT THE WORLD WILL FALL VICTIM TO INCREASING CHAOS IF INTERNATIONAL ECONOMIC INSTITUTIONS AND THE ATTITUDES OF INDUSTRIALIZED NATIONS TOWARDS THE WORLD ECONOMY ARE NOT SUBSTANTIALLY ALTERED. IT SHOULD BE RECALLED THAT THE CHIEF ARCHITECT OF GOV INTERNATIONAL ECONOMIC POLICY IS DR. MANUEL
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PEREZ GUERRERO, FORMER SECRETARY GENERAL OF UNCTAD, A DEDICATED ADVOCATE OF INTERNATIONAL ECONOMIC REFORM ON LDC TERMS. THE GOV STRONGLY SUPPORTS THE ENTIRE RANGE OF MEASURES LISTED IN PARA FIVE OF REFTEL (B), ESPECIALLY THE CREATION OF ADDITIONAL PRODUCER ASSOCIATIONS ON THE OPEC MODEL AND AN ENHANCED LDC ROLE IN WORLD ECONOMIC DECISION MAKING.

9. THE GOV'S POSITION AS AN OPEC LEADER AND ITS INSISTENCE ON LDC SOLIDARITY MAKE IT HIGHLY UNLIKELY THAT IT WOULD DEVIATE IN THE SLIGHTEST WAY FROM THE OPEC-LDC CONSENSUS AT THE 7TH SS. ON THE OTHER HAND, THE GOV IS APPARENTLY UNCOMFORTABLE WITH ALGERIAN CONFRONTATIONAL TACTICS AND WOULD PROBABLY PREFER A LOWER NOISE LEVEL IN THE DC-LDC DIALOGUE. (IN A RECENT CONVERSATION WITH THE AMBASSADOR, PEREZ GUERRERO WAS QUITE DEFENSIVE ABOUT THE ALGERIANS, INSISTING THAT WE MUST READ THEIR BASIC ATTITUDES.)

10. ALTHOUGH THE GOV WILL CONTINUE TO TAKE A STRONG THIRD WORLD POSITION AND TO PUSH FOR THE NIEO, WE THINK IT MAY BE POSSIBLE OVER TIME TO ENCOURAGE A MORE PRAGMATIC VENEZUELAN APPROACH THROUGH INTENSIVE BILATERAL CONSULTATIONS. A MOVE IN THIS DIRECTION WILL REQUIRE A CONVICTION ON THE PART OF THE GOV THAT THE U.S. IS GENUINELY PREPARED TO LISTEN SYMPATHETICALLY TO LDC COMPLAINTS. IN HIS LETTER OF SEPTEMBER 19, 1974 TO PRESIDENT FORD, PRESIDENT PEREZ COMPLAINED THAT THE LEGITIMATE ASPIRATIONS OF DEVELOPING COUNTRIES WERE NOT ONLY IGNORED - THEY WERE ALSO "RIDICULED". THE SINCERE TONE OF SECRETARY KISSINGER'S RECENT SPEECHES IN LOS ANGELES, KANSAS CITY AND PARIS EMPHASIZING SYMPATHY WITH THE BASIC ASPIRATIONS OF LDCS IS A GOOD START IN COUNTERING GOV SCEPTICISM, BUT THIS MESSAGE WILL HAVE TO BE REPEATED AND FOLLOWED UP BY TANGIBLE EVIDENCE OF US INTENTIONS.

1. WE DO NOT WISH TO SUGGEST THAT IN ORDER TO OBTAIN GOV SUPPORT THE US WILL NEED TO ABANDON ITS SUPPORT OF WORLD ECONOMIC SYSTEM DEDICATED TO GREATER PRODUCTION OF WEALTH FOR THE BENEFIT OF ALL. WE BELIEVE THE GOV WOULD SUPPORT SUCH A CONCEPT, PROVIDED IT IS ACCOMPANIED BY SPECIFIC MEASURES DESIGNED TO BE OF DIRECT AND IMMEDIATE BENEFIT TO LDCS, SUCH AS COMMODITY PRICE STABILIZATION AND INCREASED RESOURCE FLOWS.
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